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UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION  
FARGO, NORTH DAKOTA

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Reserve

HOW THE AGRICULTURAL ADJUSTMENT ACT FUNCTIONS



North Dakota  
Agricultural Conservation Committee  
September, 1940

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HOW THE AGRICULTURAL ADJUSTMENT ACT FUNCTIONS

A story that is often told but may bear repeating here, is of a man who owned a valuable horse which was his pride and his wealth. One morning the owner of this valuable animal arose early and went out to the stable. When he arrived there he found the stable empty. The horse had been stolen. He spent many a sleepless night after that thinking about the price he had paid for being negligent. A good lock on the door would have cost only a couple of dollars and perhaps would have saved his most prized possession. He resolved that he would give better protection to the next horse he would own, but he also knew that he would never be able to get as good a horse as the one he had lost.

This, to a certain extent, is the way we have treated our soil. Within about the last 100 years, over one-half of the cropland in the United States has either been completely destroyed by erosion or is now on the way to destruction. We are now beginning to realize that such a loss has been the result of decades of neglect. Had an invading enemy seized these lands and threatened further conquests, no expenditure of money or labor, no sacrifice would have been reckoned too great a price for the nation to pay to regain the lost land and to prevent further intrusion.

Although we have heard much about conservation in the last few years, the need for conservation is not a new problem. George Washington, our first President, said, "Nothing, in my opinion, would contribute more to the welfare of the states than the proper management of lands." He then ordered that no more corn and tobacco be grown on the soil of Mount Vernon.

Everyone will agree that the broad underlying purpose guiding the use of soil resources should be to maintain a good standard of living for the people of the United States. This includes secure farm homes, adequate stable income for farm people and a continuous and abundant supply of farm products for the people of our nation.

The first step toward solution of the farm problem and one of the most important steps toward general recovery is the recognition by the industrial East that the farm problems of the Agrarian West and South are not remote and unimportant but are as vital as conditions at home.

Until recently individual farmers had little or no control over economic and social resources which caused ups and downs in agriculture. Necessity for such control was not so evident when foreign markets seemed unlimited and American soil resources inexhaustible, but in the past few years the limits of both foreign markets and soil resources have become increasingly apparent and farmers with the aid of their government have undertaken to develop a national policy designed to serve the national good. This agricultural program and its provisions are embodied in the Agricultural Adjustment Act, Federal Crop Insurance Act, and the Sugar Act of 1937, under the Department of Agriculture.

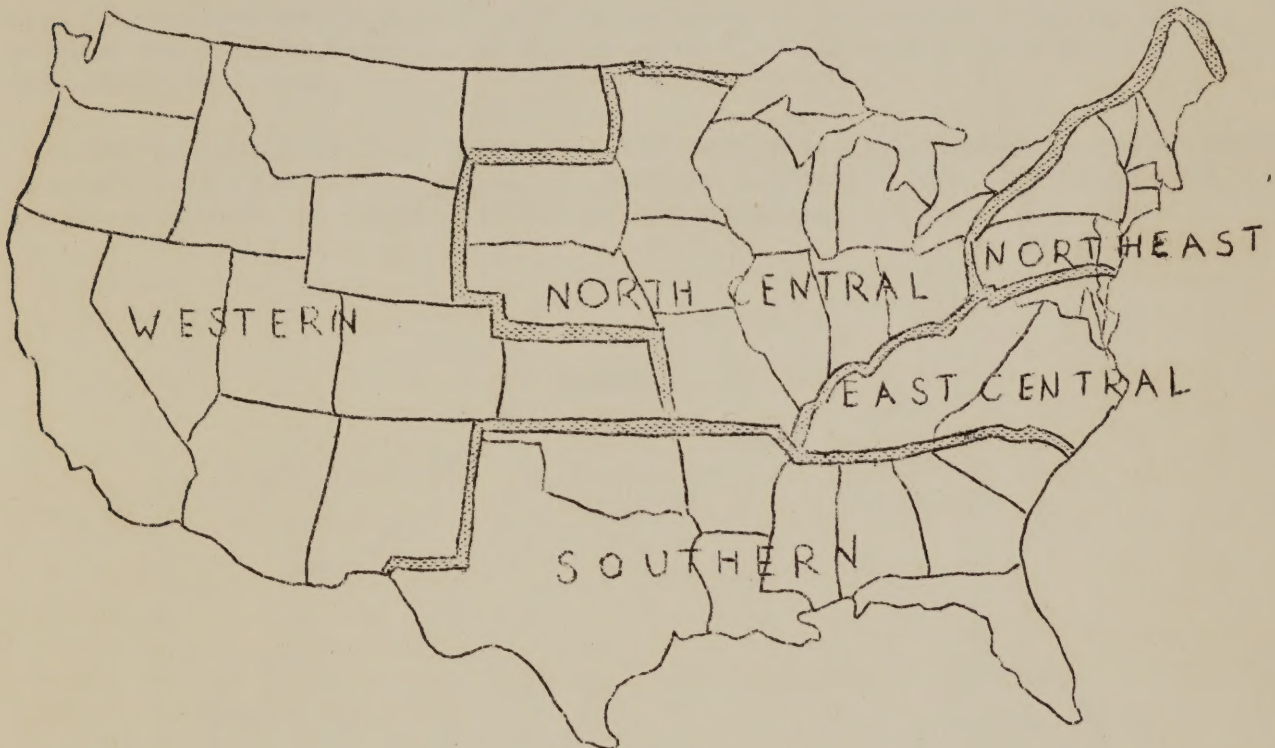
The Secretary of Agriculture is charged with the administration of the

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agricultural program. In order to efficiently administer this program and cover the broad scope for which it was intended, an Administrator is appointed who is directly responsible to the Secretary for an efficient and economical administration of the program. The Secretary, cooperating with the Administrator, appoints five regional directors to be in charge of the administration of the program in each of the five agricultural regions into which the United States has been divided, namely: Western, Northeast, East Central, Southern and North Central Regions.



The Regional Director, with the approval of the Administrator, appoints a State Committee in each state who is responsible for the administration of the program within their state. The State Committee in North Dakota consists of five members; four are farmers, and the fifth being the Director of the Extension Service.

Each county is divided into districts, consisting of from about three to seven townships, which is regarded as a community in the administration of the program. Shortly before January 1 each year, community elections are held in each district in the county. At this election those cooperating with the program elect a community committee of three members and a delegate to the county convention. The community committeemen are for the purpose of making available information with respect to the agricultural program to their neighbors individually and at community educational meetings. Besides this they aid the county committee in determinations they may need to make in the local community by making recommendations for individual farms with respect to productivity indexes, crop yields, acreage allotments, etc.

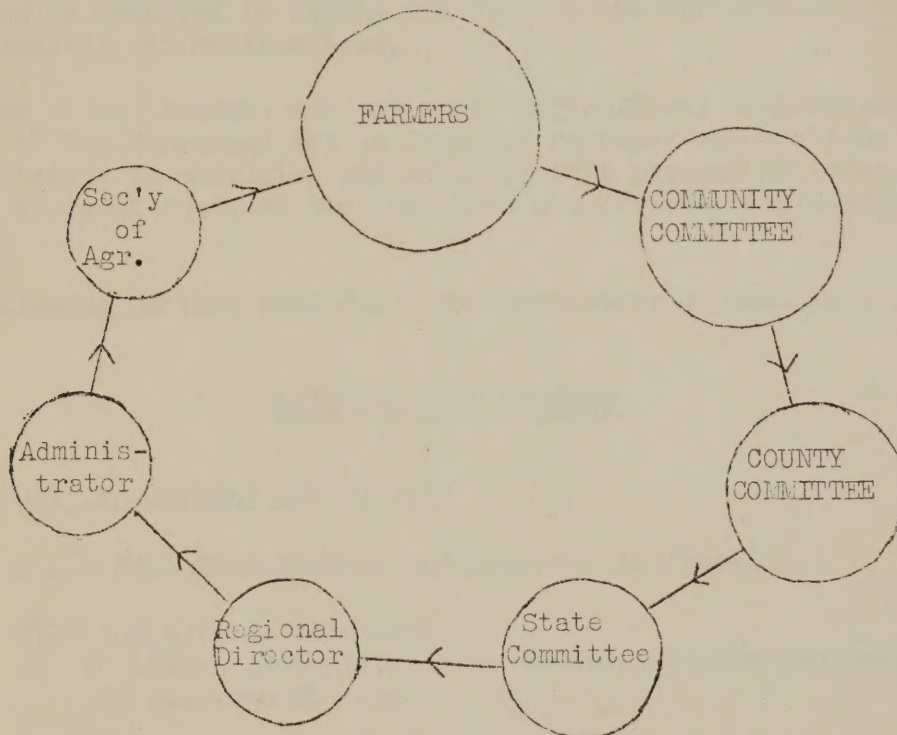




Subsequent to the community elections the delegates meet at the county convention and elect a county committee of three members who administer the agricultural program within the county.

In the administration of the program all the way from the United States Department of Agriculture to the individual farmer there is no position which embodies more responsibility and which will contribute more toward meeting the objectives of the national program than the community committeeman. Besides understanding the need for a program, the community committeeman must also be able to aid his neighbor in making the program applicable to his individual farm. In this world of uncertain conditions the success of our program hinges upon the whole-hearted support and cooperation of individual farmers. Such success can only be achieved with a program flexible enough to adapt itself to each individual farm.

The following diagram emphasizes the part that the individual farmer plays in a national program along with the various committees and individuals who are charged with the administration of the program.



The AAA Program, which is only administered by the Department of Agriculture, is a program the farmers themselves want. They are the real tillers of the soil and make recommendations which serve as a foundation for the program.

In the past few years the limits of both foreign markets and soil resources have become increasingly apparent so that along with the increased efficiency of changing agriculture, it has become very evident that the burdensome surpluses which we have experienced can in the future be handled only by a well-administered acreage control program. We seldom stop to realize the increased efficiency which has resulted through the development of modern







machinery and new agricultural methods. According to the Bureau of Agricultural Economics, in 1787 surpluses produced by 19 farmers fed one city person and today in this modern age of agriculture the surpluses produced by 19 farmers will feed 56 people in the United States and 10 abroad. Our records indicate that in 1830, 288 man-hours produced 100 bushels of wheat on 5 acres, while in 1880, 129 man-hours produced the same quantity of wheat on 5 acres. By 1900 it required only 86 man-hours to produce 100 bushels of wheat and finally, by 1930 only 49 man-hours were needed to produce 100 bushels of wheat on 5 acres, which is about 17 percent of the time required to produce that same volume in 1830. Contributing to man's efficiency we have the development of both tractor and horse equipment which, during the last forty years has made progress the farmer a 100 years ago never dreamed could take place. From 1909 to 1916 it was estimated that on an average one horse could handle 16.6 acres, and with this increased efficiency in equipment by 1935 a horse could handle 22.7 acres. While we regard the tractor as replacing the horse we never stop to realize that if the tractor had never been invented the development of modern horse equipment alone would have reduced the number of horses and mules required to handle the crop in the United States during one year approximately six million head.

Problems of agriculture are not new. Agricultural legislation ever since the passage of the Homestead Act in 1862 has revealed the problems of the time. The three acts embodying our national farm program of today are the result of a thorough study of the functions and effects of preceding enactments.

The following outline sets forth the provisions of the Acts:

#### NATIONAL FARM PROGRAM

##### I. AGRICULTURAL ADJUSTMENT ACT OF 1938

###### A. Title I - Soil Conservation and Domestic Allotment Act

1. Provides acreage allotments
  - a. To adjust production so as to avoid burdensome surpluses and conserve the soil
2. Provides for soil-building and soil-conserving practices
  - a. To build and conserve the soil, prevent erosion and promote better land use

###### B. Title II - Adjustment in freight rates, new uses and markets, and disposition of surpluses

1. Adjustment in freight rates for farm products





- a. To adjust freight rates pertaining to the distribution of agricultural products to permit the free flow of farm products in Interstate Commerce
- 2. New uses and new markets for farm products
  - a. Laboratories to develop industrial commodities from agricultural products
    - (1) Albany, California; Peoria, Illinois; New Orleans, Louisiana; Windmoor, Pennsylvania
  - b. To study methods by which the sale in foreign countries of basic agricultural commodities produced in the United States may be increased.
- 3. Disposition of surpluses
  - a. To continue the Federal Surplus Commodity Corporation
    - (1) To provide for the distribution of surplus commodities among needy American families
      - (a) Surplus buying and the Food Stamp Plan
- C. Title III - Loans, parity payments, consumers safeguards and marketing quotas
  - 1. Provides for commodity loans
    - a. To keep cooperating farmers from being forced to dump their supply of basic agricultural commodities on market of low prices
  - 2. Provides for parity payments
    - a. To keep prices of agricultural products on an equitable basis with non-agricultural commodities
  - 3. Provides consumers safeguards
    - a. To insure continuous stable supply of food and fiber at fair prices
  - 4. Provides for marketing quota
    - a. To hold excess supply of basic commodities off glutted markets
- D. Title IV - Cotton pool participation trust certificates
  - 1. Encouraged cotton acreage reduction and discouraged excessive marketing cotton, thereby helping to stabilize the cotton market

## II. FEDERAL CROP INSURANCE ACT, AS AMENDED

- A. Provides for all-risk insurance to protect individual farmers and to build up ever-normal granary reserves





### III. THE SUGAR ACT OF 1937

- A. To establish quota between states, territories, possessions and foreign countries
- B. To protect the welfare of consumers of sugar and those engaged in the domestic sugar producing industry
- C. To promote export trade
- D. To raise revenue for sugar payments

The following review of the provisions set forth in the national farm program reveals that the program aims towards conservation, abundance and parity income for the nation as a whole, thereby aiding in developing and maintaining a well-balanced agriculture.

### AGRICULTURAL ADJUSTMENT ACT

#### A. Title I

##### 1. Acreage Allotments

To adjust production so as to avoid burdensome surpluses and to conserve the soil, national acreage allotments are set at levels to encourage planting in line with the domestic demand, foreign markets, and provide an ample carry-over. Acreage adjustment does not pertain only to wheat but it is primarily concerned with the acreage of our basic agricultural commodities which include corn, cotton, tobacco and rice, besides general soil-depleting crops.

The procedure used in establishing wheat acreage allotments is closely followed in establishing acreage allotments for other commodities. Each year shortly after January 1 the national acreage allotment of wheat for the current crop year is established and apportioned among the wheat-raising states. The state acreage allotment in turn is apportioned among the counties in the state.

After the county receives a wheat acreage allotment, the county committee establishes an acreage allotment for each wheat farm in the county. This farm acreage allotment is the farm's proportionate share of the county wheat acreage allotment on the basis of tillable acres, crop rotation, farming practices, type of soil, topography and crop history.

The payment to the individual producer for reducing his wheat acreage allotment is at a specified rate per bushel times the average yield established for the farm times the wheat acreage allotment. The normal wheat yield is established for the nation as a whole and based on that figure, a yield is de-





terminated for each state. Based on the yield for the state, a yield is determined for each county which is adjusted by the county committee to the individual farm. The yield established for each farm represents as nearly as possible, from a national standpoint, each farm's share of our total wheat production in a normal year.

In North Dakota besides adjusting the wheat, potato and sugar beet acreages, a general acreage allotment is established for all general soil-depleting crops in the aggregate. The general acreage allotment is established for each farm in a manner similar to that used in establishing the wheat acreage allotment.

A productivity index is established for each farm expressed on a percentage basis which represents that farm's productive capacity with the normal production being represented by 100 percent. Productivity expresses the ability of a farm to produce crops.

The national rate of general payment per acre is established each year. The general rate of payment for each county is determined by taking the productivity index established for the county expressed as a percentage, times the national rate. The general rate of payment arrived at in this manner is regarded as the rate which an average farm in the county is entitled to receive. The general rate of payment for each farm is arrived at by taking the county rate of payment times the productivity index for that farm.

## 2. Conservation

The policy farmers are developing seeks to provide for the most efficient and most economical use of the national resources with, at the same time, ample production for both consumers and producers.

The soil conservation phase of our program has for its purpose conserving our natural resources, conserving and building up the soil as well as conserving human resources. This will enable future generations to live in at least as great an agricultural land as we have today.

We have lost more than a fourth of our soil as a result of erosion and even now are losing soil faster than we are rebuilding it. The practice of continually growing a cash crop on the same tract of land has reduced soil fertility and caused erosion to be prevalent in some of our farming areas. The combined effect of soil depletion and erosion has made it impossible to farm in certain areas and maintain a decent standard of living.

It is estimated that the land permanently ruined by erosion within the last 100 years would make up an area larger than twice the cropland area of North Dakota. If all this soil destruction had occurred in two states or in one area, the consequences would be much more impressive but no less costly to the nation as a whole.





The conservation phase of our program provides for soil-conserving and soil-building practices which can be carried out on the individual farm.

Each farm has a soil-building goal which limits the payment that can be earned by the carrying out of such practices. While the rates of pay for the individual practices vary it is intended that the payment will meet the actual cost involved. In other words, the soil-building payment is merely a means of aiding the farmer in carrying out practices which are so vital in building up and holding the fertility of the soil.

Among the most common practices are the seeding of biennial and perennial legumes and perennial grasses. Perennial grasses have a real value in binding the soil to prevent wind and water erosion. While grasses are more essential than legumes in binding the soil together, legumes are of greater value in building up the soil to a higher degree of fertility. Besides artificial reseeded we have deferred grazing to re-establish stands on depleted pastures, primarily for the purpose of building up our western range so that it is as valuable a livestock range as it was in the early days.

There are several practices for the protection of fallow which have been included in many crop rotations through North Dakota. Perhaps most outstanding of these is strip-cropping where acreages of fallow are protected by strips of small grain or small grain stubble equal to or twice the width of the fallow strips. Another popular practice in some areas is trashy fallow where small grain stubble and straw are incorporated into the surface soil to prevent erosion. Along with these, pit cultivation is used as a means of conserving water and preventing erosion.

Outstanding among our practices is the planting, improving, cultivating, and maintaining of trees, which if properly handled is of real value in any part of our State. Not only does the establishment of a good stand of trees prevent wind and water erosion but it holds the fertility of the soil and aids in the establishment of wild life which has been seriously depleted during the last 100 years.

These are only a few of the numerous soil-building practices available to North Dakota. Each farmer should carry out one or more of the soil-building practices applicable to his farm. No practice should be carried out unless it accomplishes the purpose for which it was intended and meets a need of the individual farm.

## B. Title II -

### 1. Freight Rates

The cost of transporting farm produce to market is of primary concern both to the farmer and the consumer.

Transportation charges are always reflected in the price the farmer gets





for his crop, whether he ships it himself or whether it is picked up at the farm. When market prices are such that the returns to farmers are insufficient to cover freight and other direct marketing costs, producers are usually forced to withhold shipments. They thus, unwillingly, deprive consumers of supplies of commodities which otherwise might have been shipped.

Huge farm surpluses, and the fact that freight rates were not adjusted in line with lowered farm prices during the depression, emphasized the necessity for attacking on a national scale the problem of distributing farm produce.

Whenever farmers or farm groups feel that freight charges are excessive or unjustly discriminatory, they may request the Secretary to intervene in their behalf. The Agricultural Adjustment Act authorizes the Secretary to cooperate with and assist the farmers in this respect.

## 2. New Uses and New Markets For Farm Commodities

The Act provides that each year a sum of money will be allocated to the Department of Commerce for the promotion of the sale of farm commodities and products in any manner which he deems feasible. Out of the funds provided for this work the Secretary of Commerce shall make a survey and investigation of cause or causes of the export of agricultural commodities from the United States in order to ascertain methods by which the sale to foreign countries of basic agricultural commodities produced in the United States may be increased.

In this same field the Department of Agriculture shall stimulate and widen the use of all farm commodities in the United States and increase in every practical way the flow of such commodities and products into the markets of the world. It is felt that much can be done to relieve the surpluses of certain agricultural commodities by the development of new uses and by endeavoring to stimulate the market for the original product as well as create a market for new products which may be derived from the basic commodity itself.

After a thorough study of this problem a provision was made in the Act authorizing the establishment and maintenance of four regional laboratories to develop new uses and markets for farm products.

In creating these research establishments Congress instructed the Department of Agriculture to divide the country into four major farming areas. One regional laboratory was to be established in each area. The agricultural map does not divide itself precisely into four such regions, nevertheless, the Department of Agriculture did the best it could to follow the mandate of Congress. It divided the country with rough equity into four regions. The following laboratories were established in each area, each laboratory being assigned research work on certain surplus commodities:



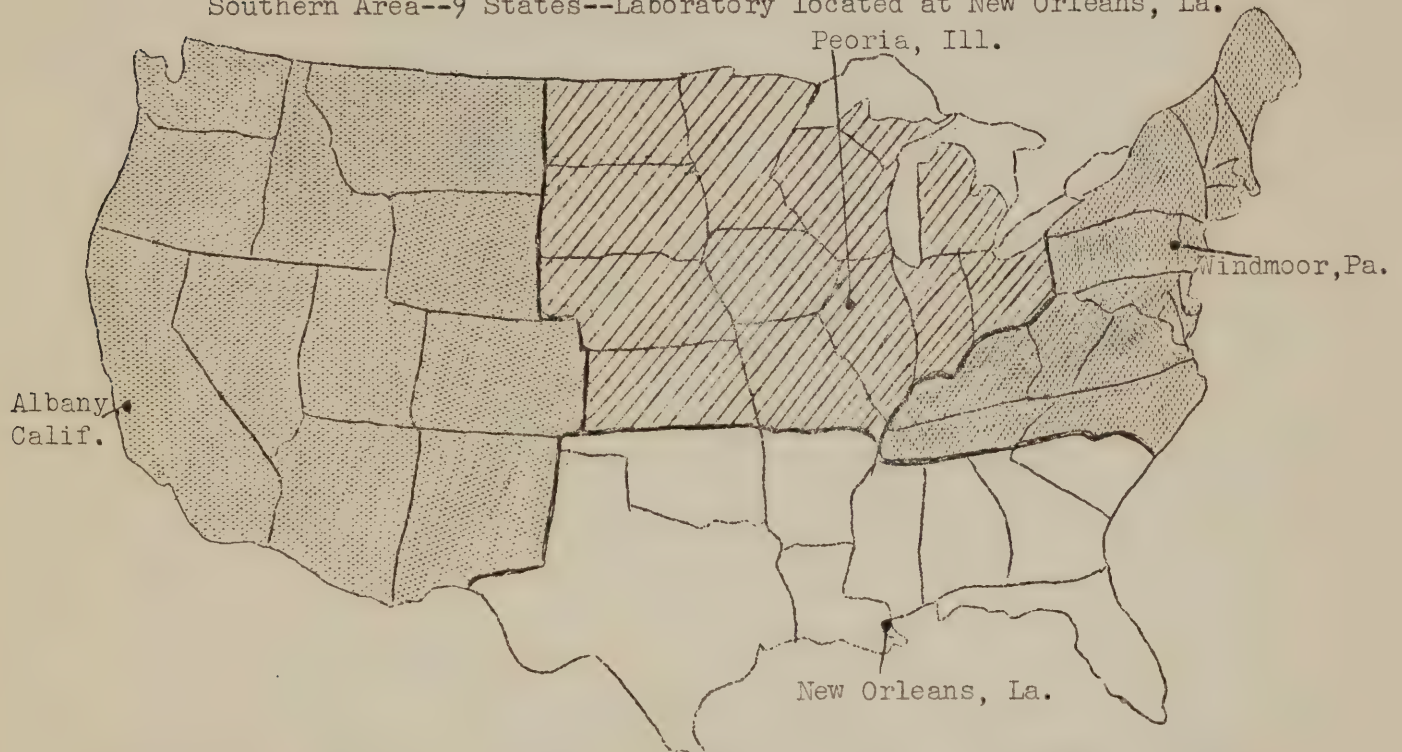


Eastern Area--16 States--Laboratory located at Windmoor, Pa.  
near Philadelphia

Western Area--11 States--Laboratory located at Albany, Calif.  
near San Francisco

Northern Area--12 States--Laboratory located at Peoria, Ill.

Southern Area--9 States--Laboratory located at New Orleans, La.



All of the important farm commodities produced in the United States are from time to time in surplus. The plan is that in each of the four laboratories only a limited number of commodities should be taken up initially. Farm products which seem most urgently in need of attention either because of the magnitude of the surpluses or because of the large number of agricultural workers or agricultural acres involved will be studied first.

As an example of research service we cite Pacific Coast hemlock bark waste. 350,000 tons of hemlock bark go to waste annually in Oregon and Washington alone. This bark would make 60,000 tons of tanning extract worth \$5,000,000. Instead of that we spend annually over \$15,000,000 for vegetable tanning materials, half of which are obtained from foreign sources.

### 3. Distribution of Surplus Farm Commodities

This section of the Agricultural Adjustment Act provides for the continuance of the Federal Surplus Commodity Corporation which has for its purpose





the purchase of surplus agricultural commodities and their distribution to those in need. Of all work which is being done in the Department of Agriculture probably nothing is of more widespread benefit to both farm and city groups than surplus food distribution. With food supplies out on American farms so abundant, we cannot afford to have millions of people in the cities and towns of America undernourished and in want.

Since the spring of 1939, we have been developing a new plan for putting our farm abundance to use. This is the Food Stamp Plan, which routes the surplus food through the regular commercial channels and makes it possible for the low-income family to obtain this food at its corner grocery. Where this plan is in operation, direct distribution of surplus commodities to individual families has been discontinued. However, direct distribution to certain charitable institutions and schools participating in the School Lunch Program is continued even where the Stamp Plan is in operation.

As a result of this method of distribution, farmers benefit through expanded markets, low-income consumers benefit through more and better food, and merchants and others with whom they deal benefit through increased business.

The Food Stamp Plan is only one of several plans being employed to put farm abundance to use. Another is the School Lunch Program through which 2 1/2 million undernourished children have been receiving free lunches daily. Still others are the Low-Cost Milk Program, the Cotton Stamp Plan recently started, and the Home-Made Mattress Program which is now getting under way.

### C. Title III

#### 1. Commodity Loans

Loans may be made on certain basic agricultural commodities such as corn, wheat, rye, barley, and cotton, in years of excessive production and low prices. This enables producers to secure cash income for farm operating expenses after threshing and at the same time hold the commodities on which loans have been authorized, off the market, preventing ruinously low prices.

Wheat loans must be made available to cooperators when the price of wheat during any marketing year is below 52% of the parity price at that time. The loan value on wheat must be not less than 52% or more than 75% of parity which is regarded as the average price each farmer should receive for his wheat in comparison to what he pays on an average for the commodities he needs to purchase. In order to be eligible for a loan, a producer must comply with the various phases of the agricultural program.

It is not to be expected that loans will fix the price of any commodity on the open market but they do provide a distinct advantage to the producer who is cooperating with the adjustment program making it possible for him to carry a normal supply of grain from year to year so that it may be released on



markets when he will receive what may be regarded as a fairer price for his products.

## 2. Parity

Farmers do not enjoy equality when prices of what they sell are low and prices of what they buy are high. If farmers do not get their fair share of the national income through the sale of their products they cannot buy the things they need and desire for a good standard of living.

Parity price is the price at which a commodity such as wheat must sell in order to have the same purchasing power for manufactured goods and other non-farm goods that it had before the World War, from 1909 to 1914.

This does not mean that prices must be exactly what they were then, but rather that it should take the same amount of farm products to buy a disc, wagon, binder, tractor, cream separator, wire fencing, a pair of shoes, a rug, sewing machine, or any article needed, as it did during the 1909-1914 period. During this period there seemed to be a balance between industry and agriculture and for that reason it is considered the parity period.

The farmers receive a parity income when they receive parity prices. In an endeavor to give the farmers more nearly their fair share of the national income, which would be parity income, the Agricultural Adjustment Act provides that parity payments be made to those who cooperate with the program when the price of a major commodity during the preceding year was less than 75 percent of parity.

Each year the rate of parity payment that will be made with respect to special crops, such as wheat, corn, cotton, rice and tobacco is determined. The determined rate of parity payment together with the proceeds of the sale of the commodity being dealt with, will provide a return to producers which is as nearly equal to parity prices as the funds available will permit. The funds provided for parity payments are apportioned to the various commodities in the proportionate amount by which each commodity fails to reach parity prices.

## 3. Consumer's Safeguards

Other phases of the AAA Program directly affect the producers of agricultural commodities, but there is also a provision which safeguards the consumers in that consumers are insured of a stable supply of agricultural commodities adequate to meet their demands at fair prices. The ever-normal granary plan is probably the most effective means of maintaining an adequate supply of food and fiber at all times.

One striking example of this protection which affected all of us very directly was when on September 11, 1939 the President lifted the quota on market sugar permitting more sugar to be shipped into the United States.





This increased the market supply so that World War #2 did not affect the price as much as it would have otherwise.

#### 4. Marketing Quotas

The Agricultural Adjustment Act of 1938 makes provision for farmers to cooperate in handling excessive supplies of the major farm commodities (wheat, corn, rice, cotton and tobacco) by carrying over surpluses from years of good crops to years of crop failure, thus stabilizing marketings to their own advantage and that of consumers.

This is the marketing-quota provision under which, in the case of wheat, each farmer has a part in regulating wheat marketings by holding part of his own crop off the market when it is overloaded and threatened with price collapse. The marketing-quota for each farm would be the number of bushels of wheat the producer would be permitted to market without penalty, in accordance with marketing-quota provisions. The quota for each farm may be either the normal or the actual production of the acreage allotment, whichever is the greater. Wheat produced in excess of the marketing-quota may be stored and a loan made on it; however, wheat marketed in excess of the quota which is applicable to a farm is subject to a penalty. The marketing-quota provision will apply to all farms on which the yield from the seeded acreage is at least 200 bushels regardless of whether or not the producer is cooperating with the Agricultural Conservation Program.

The marketing-quota provision becomes available to producers when total wheat supplies in this country during any year pile up to a level 35 percent above the supply normally needed for domestic consumption and that required for export.

The marketing-quota provision cannot become effective, even when the supply has reached the marketing-quota level, unless at least two-thirds of the wheat producers who vote in a referendum on the quota are in favor of its application.

#### D. Title IV

##### 1. Cotton Pool Participation Trust Certificates

Lack of balance between production and consumption of cotton had, by 1933, brought about a wide disparity between the prices farmers received for cotton and the prices they paid for articles they bought, and had in large part destroyed cotton farmers' purchasing power for industrial products. Correctives were applied under the Agricultural Adjustment Act of 1933.

In order to stabilize cotton prices, under the Agricultural Adjustment Act of 1933 cotton-producing farmers were subsidized for keeping a portion of their acreage out of cotton production. In that year cotton producers withdrew from production 10,500,000 acres of cotton which, at average yields for that





year would have produced  $4\frac{1}{2}$  million bales which amount would have almost equalled the United States cotton consumption the previous year.

In addition to adjusting the cotton supply situation and the resultant improved condition throughout the Cotton Belt, the 1933 cotton acreage reduction program had other results of far-reaching significance. The program resulted in the material reduction of cottonseed products which compete with products of the Corn Belt and other agricultural areas. The cottonseed oil in the 4,400,000 bales of cotton that were prevented from maturing would have amounted to over 612,000,000 pounds. This is equivalent to the lard from approximately 20,400,000 200-pound corn-fed hogs, or roughly, 40 percent of the lard produced in 1932 under Federal inspection.

#### FEDERAL CROP INSURANCE ACT, AS AMENDED

##### A. All-Risk Crop Insurance

Cooperators in the program have the privilege of insuring their wheat crop against unavoidable losses regardless of what the loss may be due to, drought, grasshoppers, rust or hail, etc. The Crop Insurance Program has been worked out to give a farmer a crop of wheat regardless of crop conditions. Under the crop insurance program the government assumes the cost of administration. It is estimated that over a period of years, the wheat the farmers pay in as premiums will equal the crop losses during that period. Crop insurance is not a money making proposition but is only a protection the producers may take advantage of. Those who take out crop insurance are guaranteed a harvest of 50 or 75 percent of their normal production.

A producer may pay his premium in wheat or cash equivalent. Where he does not wish to use either of these methods, he may assign an amount of his agricultural conservation payment adequate to pay the premium in full.

Premiums are based upon the risk involved in producing wheat in each locality and on each farm. In paying his insurance premium the producer delivers to the Federal Crop Insurance Corporation the number of bushels of wheat (or its cash value) called for in the insurance policy. The Crop Insurance Corporation holds stocks of wheat equivalent to the premiums which have been paid in and is prepared to deliver the wheat (or its cash equivalent) to the producer at any time drought, hail, rust or other unavoidable natural causes reduce his yield below his insured yield. Under the Crop Insurance Program the reserves of wheat will absorb wheat from the market in years of big crops and low market prices and in years of bad crops and higher prices this wheat will flow back to growers who suffered crop losses.



SUGAR ACT OF 1937

The domestic sugar industry, both beet and cane, requires protection that only Government can provide. Many foreign tropical areas, such as Cuba or Java, produce sugar more cheaply than do sugar-growing areas in this country. For that reason, if no protection were afforded the domestic sugar industry, it would be impossible with present methods to produce profitably any sizeable amount of sugar in the United States.

Ever since Civil War days the national policy has usually been to protect the domestic sugar industry. For many years protection was given in the form of tariffs on foreign sugar. But after the World War there was a very great increase in sugar production throughout the world and prices declined sharply. Although the tariff kept prices in the United States above world levels, sugar prices had fallen so low that by 1932 many domestic beet producers and processors were in distress.

The Sugar Act of 1937 is definite as to what shall be done and how it shall be done. First of all an estimate is made of the amount of sugar that the people of this country will need during the year. Congress has written into the law the standards to be used in making such an estimate. Then each of the sugar-producing areas supplying the United States market is assigned a quota representing its share of the market. That means that each sugar-producing area can market so much sugar and no more. This is that area's sugar quota and an acreage of sugar is planted in line with that quota.

Under the Sugar Act, beet growers may qualify for sugar payments by complying with certain specifications for payment.

# # #

"The Farm Program has been faced with many tests. Today when the greatest test is that of preparedness, the farmers are ready with an effective working farm program, an abundance of food and fiber in the Ever-Normal Granary and an enriched soil. Participation in the program this year of more than 6 million farmers is the highest in the history of the program. The manner in which farmers in each community elect their own committeemen to administer the program locally is an example of working democracy which has attracted worldwide attention. It is proof that national unity may be achieved by democratic methods and machinery." ---- AAA Administrator, R. M. Evans.





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